CMHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

Gains continue in 2001 and 2002

First Quarter, 2001

Overview

Starts:
2001: +4.4 %
2002: +3.7 %

Resales:
2001: +2.4 %
2002: +0.4 %

Starts: Look for starts to keep rising this year and next. Gains will be tied to job and income growth, rising migration, lower mortgage rates, and stronger house prices. These positives will outweigh the negative effect of a slower but still healthy economy.

Resales: Despite scarce listings in many markets, sales of existing homes will hit record levels, posting solid growth this year and up marginally in 2002.

Prices: Look for resale price growth to remain strong this year. Gains will moderate in 2002, but remain above the rate of inflation.

Details on page three.

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

The Nation's HOT SPOTS

Ontario: Look for job growth and migration to continue pushing starts up in the next two years, though at a diminishing pace (See Page 13).

Alberta: Thanks to one of the fastest growing provincial economies, construction will remain at levels not seen since the early 1980s (See Page 10).

Saskatchewan: A tight resale market and rebounding multiple starts are major reasons for the jump in starts forecast this year (See Page 11).

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CMHC MarketAnalysis Centre
E-Mail: Market_Analysis_Centre@cmhc-schl.gc.ca

CMHC SCHL

HOME TO CANADIANS
Canada

CMHC—HOME TO CANADIANS

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National Housing Outlook

In Detail

Multiples outpace singles

Although construction of all types of homes will rise this year and next, look for multiple starts to increase more rapidly than singles. Apartments will account for about half the rise in multiple starts. Semi-detached units will lead growth this year, apartments in 2002.

Multiples hot spots scattered

Newfoundland, Manitoba, Saskatchewan, and B.C. will register double-digit growth in multiple starts in each of the next two years. Look for robust gains in Ontario as well.

Low vacancies trigger construction

Low rental vacancy rates will help trigger stronger multiple construction in 2001 and 2002. Only a portion of the growth will take the form of rental starts, however. Rental starts will rise but remain at relatively low levels. Construction of condominiums will also increase. Some of these condo units will end up being occupied by tenants, helping meet the demand for rental housing.

Singles up outside Atlantic this year

Growth in single starts will pick up this year and next. In 2001, construction will be down in the Atlantic provinces and Manitoba and up everywhere else. Although starts will rise steadily in B.C., gains will not make up for the major slump that occurred last year. Look for steady gains in Ontario as well. Growth will slacken in Quebec and Alberta next year.

Record resale numbers this year

Despite scarce listings in some markets, strong demand and lower mortgage rates will boost resales to record levels in the next two years. Records will be set in Newfoundland, Quebec, Ontario, and Alberta.

Prices up everywhere in 2001 and 2002

Resale prices will be up in all provinces. Look for price gains above the rate of inflation in Quebec, Ontario, Saskatchewan, and Alberta.

Spotlight on FORECAST RISKS

Risks to the forecast at present are mainly on the downside

According to our forecast, starts in 2002 will hit the highest level since 1992. The following pages outline factors behind the anticipated increase in construction.

While good reasons exist for believing that starts will continue to rise, risks to the forecast are on the downside; that is, they would tend to reduce construction below forecast levels. The following are some of these risks:

- **Hard landing in the U.S.: In December, the U.S. Fed moved from a tightening bias to an easing bias, signalling a shift from a preoccupation with inflation to an alert for signs of economic weakness. In early January, the Fed underlined its concern by cutting interest rates. A more significant deterioration of the U.S. economy than currently anticipated would reduce Canada's exports, send stock markets down, slow consumer spending, shrink profits, and retard investment and construction.**
- **High consumer debt loads: High household debt loads mean that consumers are vulnerable to deterioration in income and employment prospects in a recession setting.**
- **Trades strike in Ontario: Last year, a strike by concrete drivers in Ontario, disrupted construction in May. This year, construction trades contracts in Ontario are up for renewal as of May 1st. Given shortages of skilled labour, unions currently enjoy a measure of bargaining power.**
- **Supply bottlenecks: Even if housing demand is strong and strikes are avoided, labour shortages could produce delays in meeting this demand.**

Contact: Roger Lewis (613) 748-2797, rlewis@cmhc-schl.gc.ca

Trends Impacting Housing

Positive Impact

- ✓ *Mortgage rates easing*
- ✓ *Employment and incomes grow*
- ✓ *Tax cuts*

What to Watch For

- ✓ *Economy moderating*
- ✓ *Migration to Ontario and Alberta*

The Economy

The much anticipated cooling of the U.S. economy has finally arrived. Growth in the third quarter of 2000 fell by more than half from the previous quarter, and the Fed, after cutting interest rates in January, is on watch for signs of further weakening. In Canada by contrast, the economy continued to expand rapidly, growing at a brisk 4.8 per cent annual rate. Consumer spending accelerated, while investment remained strong.

Despite robust Canadian growth overall, signs of moderation were evident. Exports fell, an indication that the slowdown in the U.S. economy is spilling over into Canada. Corporate profit growth tapered off, a harbinger of moderating investment. The current consensus is that the slowdown in the U.S., and by extension Canada, will be gradual — a soft landing. Look for healthy Canadian growth of 3.4 per cent this year, 3.2 per cent in 2002.

Mortgage Rates

Concerns over inflation have diminished recently. The dramatic gearing down of growth in the U.S. prompted the U.S. Fed to shift from a tightening to an easing bias in December. Look for mortgage rates to ease over the next two years. Through the end of next year, look for one-year rates in the 6.50-7.50 per cent range, three-year rates between 6.75 and 7.75 per cent, and five-year rates from 7.00 to 8.00 per cent.

Consumers

Confidence increased modestly in the third quarter. Retail sales were mixed in the fall, but consumer spending has been steady and should remain strong, given a backdrop of rising disposable incomes and tax cuts. Recent declines in equity markets could produce some tremors but should not unduly dampen the mood of consumers.

Employment and Incomes

Housing markets will continue to reap the benefits of several years of strong job growth. Delayed effects of these gains will translate into housing demand in the next two years.

Job gains in 2000 were strong again, following a surge in the fall. Full-time jobs continued to increase faster than part-time work. Productivity gains, reflecting strong business investment, are containing per-unit production costs as wages rise. Economic growth, though moderating, will remain healthy. Look for decelerating but still respectable employment gains this year and next.

The five-year federal package of tax cuts, which kicks in this year, will soften the effects of slower U.S. growth. Thanks to job growth, wage gains, and tax cuts, look for robust disposable income growth this year and next.

Migration

Immigration has rebounded sharply after slumping in 1998. Landings rose in the third quarter of 2000 to an annual rate of over 230,000, above the target range of 200-225,000. Look for immigration to remain strong. Increased arrivals will mainly benefit construction in the four largest provinces. Since immigrants tend to rent when they first arrive in Canada, housing markets will also benefit from the large influx of immigrants in the early 1990s, many of whom will be looking to buy homes in coming years.

In the third quarter, Alberta took over from Ontario as the top destination for interprovincial migrants. Look for these two provinces to lead in coming months. Outflows from B.C. continue. With Ontario and Alberta exerting a strong pull on job seekers, expect migration to B.C. to remain subdued by comparison to the large gains of the first half of the 1990s.

Contact: Roger Lewis (613) 748-2797, rlewis@cmhc-schl.gc.ca

Trends at a Glance

Key factors and their effects on home building

Factor	Comment	Impact 2001	Impact 2002
Mortgage rates	Easing this year and next year.	👍	👍
Employment	Past gains continue to fuel housing demand. Respectable gains in 2001 and 2002.	👍	👍
Incomes	Will benefit from healthy labour market and tax cuts.	👍	👍
Net migration	Continuing to increase.	👍	👍
Household formation	Should increase as a result of improved net migration and job and income gains. More individuals and families can afford to live independently.	👍	👍
Consumer confidence	Expected to stay near current high levels.	👍	👍
House prices	Rising prices stimulate construction, while affordability remains high given income gains and lower mortgage rates.	👍	👍
Unoccupied units	Low inventories a positive signal to builders.	👍	👍
Vacancy rates	Low rates trigger multiple construction.	👍	👍
Construction costs	Increasing labour costs expected to out-weigh moderating material costs.	👎	👎
Profits	House prices will rise faster than combined costs of labour and materials.	👍	👍

Contact: Roger Lewis (613) 748-2797, rlewis@cmhc-schl.gc.ca

Rental market: opportunities on the horizon!

Falling vacancy rates, rising rents and strong household demand are among several factors pointing to a recovery in the rental construction sector. All that remains to be defined is the exact nature of this recovery...

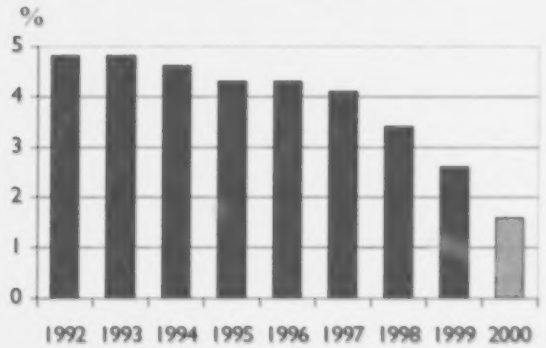
Rental vacancy rate falling rapidly

According to the CMHC Rental Market Survey, the vacancy rate for metropolitan areas went from 2.6 per cent in October 1999 down to 1.6 per cent this past October, reaching its lowest level since 1987. The rates fell in 22 of 26 metropolitan areas.

The lowest rates were observed in Ottawa (0.2 per cent), Toronto (0.6 per cent) and Kitchener (0.7 per cent). The greatest vacancy rate decreases were recorded in **St.John's** (from 9.2 per cent to 3.8 per cent), **Sudbury** (from 11.1 per cent to 7.7 per cent) and **Hull** (from 4.4 per cent to 1.4 per cent).

Vacancy rates were down practically everywhere, and many metropolitan areas now post rates under 2 per cent, below the level considered to reflect a balanced market. A balanced market is defined as one where tenants have a reasonable choice of housing units while landlords remain motivated to provide rental dwellings.

Vacancy Rates – Metropolitain Areas
Private apartment buildings of 3 units and over



Source: CMHC

Traditional rental construction holding back

Today, around one third of Canadian households are tenants and, even though this proportion is slowly declining in favour of homeownership, the rental segment still remains an essential component of the housing market.

In fact, the significant decrease in the vacancy rate is evidence of the demand for this tenure option. Given that the rental stock covered by the CMHC survey comprises around 2 million housing units, a decrease of one percentage point in the vacancy rate represents the arrival of 20,000 new households on the market. This quick calculation does not take into account those households who will occupy units in the stock of properties with two units or less or

Rental Housing Starts
Urban centres of 10,000 and over

Province	Jan.-Dec. 2000	% of total housing starts
Newfoundland	0	0.0
P.E.I.	62	15.9
N.B.	537	27.1
N.S.	810	26.6
Québec	3,697	18.5
Ontario	2,045	3.0
Manitoba	112	7.5
Saskatchewan	26	1.4
Alberta	1,259	5.8
B.C.	1,607	13.0
Canada	**10,155**	**7.7**

Source: CMHC.

Contact: Philippe LeGoff (613) 748-2933, plegoff@cmhc-schl.g..ca

dwellings not primarily intended for renting but still accommodating tenants, as is notably the case for many condominium apartments.

In the year 2000, total rental housing starts reached 10,155 units or 7.7 per cent of all starts. The volume of rental starts in 2000 was therefore higher than the 1999 level in absolute terms and in relative terms (9,276 units for 7.3 per cent). Yet, this is a very small increase considering the signals emitted by the market and the historical weight of the rental component within the overall housing market.

An exceptional performance for rental apartments built in the last 15 years

With the limited number of rental starts in the majority of metropolitan areas, tenants are prepared to pay more for a newer unit, as shown by the table below. In fact, the vacancy rate for apartments built in the last 15 years is lower than the overall rate in most of the 26 metropolitan areas, even though rents paid are clearly higher than average. This is an indication that the market recognizes the value of new housing and is willing to pay a premium for it.

Relationship between rental performance and rent differences

Metropolitan areas	Vacancy rates *	Vacancy rates for apartments of 15 years and less *	Average rent * (in $)	Average rent * (in $) apartments of 15 years and less	Rent gap in % between apts. of 15 years and less and universe *
Calgary	1.3	**	633	**	**
Chicoutimi-Jonquière	4.4	2.3	422	472	11.8
Edmonton	1.4	2.8	536	899	65.8
Halifax	3.6	1.0	604	661	9.4
Hamilton	1.7	**	655	**	**
Hull	1.4	1.6	523	539	3.0
Kitchener	0.7	0.4	665	788	18.5
London	2.2	2.0	601	696	15.8
Montréal	1.5	1.0	496	518	4.4
Oshawa	1.7	1.0	755	749	-0.8
Ottawa	0.2	0.1	786	901	14.6
Québec	1.6	0.6	505	527	4.4
Regina	1.4	**	497	**	**
St.Catharines-Niagara	2.6	2.3	610	645	5.7
Saint John	3.4	**	442	**	**
St. John's	3.8	1.4	516	502	-2.7
Saskatoon	1.7	1.6	496	596	20.2
Sherbrooke	4.7	2.5	421	465	10.4
Sudbury	7.7	6.7	572	654	14.3
Thunder Bay	5.8	8.1	605	671	10.9
Toronto	0.6	0.9	908	1,040	14.5
Trois-Rivières	6.8	3.4	397	438	10.3
Vancouver	1.4	2.1	740	857	15.8
Victoria	1.8	2.6	617	667	8.1
Windsor	1.9	0.5	647	704	8.8
Winnipeg	2.0	1.3	514	685	33.3

Source: CMHC.

* Data weighted by unit size. ** Number of units too small to release results.

Contact: Philippe LeGoff (613) 748-2933, plegoff@cmhc-schl.gc.ca

There are some metropolitan areas, however, where the situation is not so clear and for which no conclusions can be drawn with regard to the willingness of tenants to pay a premium for new housing that could meet the profitability objectives of real estate developers. In particular, the number of privately initiated apartments built since 1985 in **Calgary**, **Hamilton**, **Regina**, and **Saint John** has not been sufficient to be able to disclose the data, for reasons of confidentiality.

In **Edmonton**, **Toronto**, **Vancouver**, and **Victoria**, on the other hand, the higher vacancy rates for newer buildings—although the differences are not huge—seem to reflect the fact that tenants are not comfortable paying rents that are, all in all, much higher than average — by 65.8 per cent, 14.5 per cent, 15.8 per cent and 8.1 per cent respectively. In the case of **Thunder Bay**, the higher vacancy rate for apartments built in the last 15 years mainly has to do with the type of dwellings available there.

This being said, the situation in **Toronto**, **Vancouver**, and **Victoria**, the most expensive housing markets in Canada, is especially noteworthy given the key role apparently played by the secondary rental market (accessory apartments, rented condominiums, etc.) in these areas. In all likelihood, affordable dwellings in the secondary market are providing competition for the generally more expensive supply of newer housing units. What's more, homeownership also competes with rental products when rents move closer to monthly mortgage payment levels. In this instance, the arrival of additional units on the rental market could have the effect of raising the vacancy rate without necessarily meeting the demand.

Rental vacancy rate to fall again in 2001

The expected increase in rental construction in 2001 (see Page 22) will only partially meet the demand and, consequently, the vacancy rate for the metropolitan areas will go down again next October to 1.4 per cent (see Page 27).

Higher immigration levels and the delayed effect of youth employment growth in the last three years will put more pressure on rental markets, particularly in Ontario and Quebec.

In this context, many households could be considering the homeownership option sooner than they had planned, as indicators are pointing towards a decrease in mortgage rates over the next few months. ■

Vacancy Rates 2001

Decreasing		Increasing
Victoria	Trois-Rivières	Edmonton
Vancouver	Sherbrooke	Calgary
Winnipeg	Québec	Saskatoon
Thunder Bay	Chicoutimi	Regina
Sudbury	St. John's	Kitchener
Windsor		Hamilton
London		Toronto
St. Catharines		Ottawa
Oshawa		Saint John
Hull		Halifax
Montréal		Charlottetown

Source: CMHC.

For more detailed information on metropolitan rental markets, contact your nearest CMHC market analyst.

Contact: Philippe LeGoff (613) 748-2933, plegoff@cmhc-schl.gc.ca

British Columbia

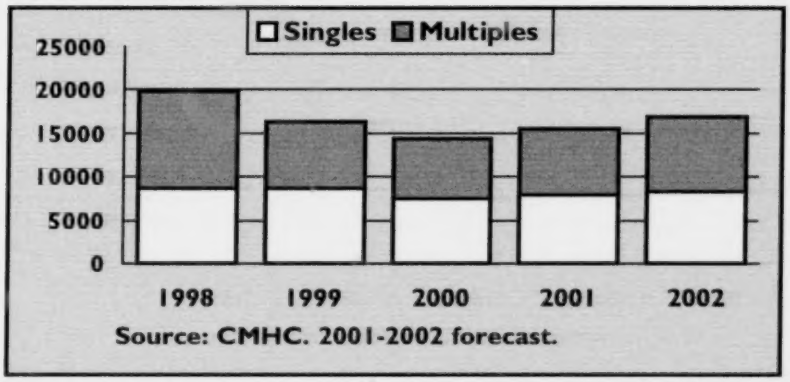
Overview

Construction will continue to focus on high-end and niche markets.

As the economy re-structures, posting weaker performance than Alberta and Ontario, new home construction will focus on its strengths in 2001. First-time buyers are not currently a significant factor in the market due to affordability constraints. Rather, it is the high end of the market, particularly custom homes, resort properties, and waterfront condominiums, that holds strong appeal.

The downtown condominium market in **Vancouver** continues to perform well with high-amenity projects in the best neighbourhoods appealing to both local and international buyers. Employees benefiting from strong job gains in the high-technology sector will seek housing close to new business park development, hospitals, universities, and other research and development facilities in the **Vancouver** area.

B.C. Starts



Source: CMHC. 2001-2002 forecast.

In **Kelowna**, and to a lesser extent **Victoria**, successful residential projects will have an amenity that will act as a marketing focal point, the most obvious being a golf course or waterfront location.

Resource-based communities involved in exports to Asia have yet to show any strength in local housing markets. However, there is evidence of demand from residents of the U.S., Alberta, and Ontario for resort housing in smaller communities such as the **Kootenays**, **Whistler**, and other trendy markets, including the **Gulf Islands**.

In Detail

Single Starts: Single starts will post solid gains in the next two years. Strong consumer preference for this housing type and the ability of developers to bring small-lot, affordable homes to the market will be the key factors for success. There will also be continued market interest, albeit limited, for large-lot, custom homes in the best neighbourhoods of **Vancouver**, **Victoria**, and **Kelowna**.

Multiple Starts: With the condominium market set to improve as consumer acceptance for this product type increases, multiple starts will rise substantially. In addition, there is strong international interest in high-end condominiums with waterfront locations in major urban markets.

Resales: Resale home markets continue to show weakness at the low and mid-price range. Only niche markets will continue to perform well as affordability constraints have curtailed the appetite of many first-time buyers. Overall, expect modest sales increases.

Prices: Price increases will continue in major markets. The only exception will be in markets with an excess supply of low-rise, wood-frame condominiums. Strong sales at prices in excess of $500,000 have skewed average prices. The outlook is for continued strong demand for high-priced units near urban and resort amenities and in the best neighbourhoods.

Spotlight on the NEW ECONOMY

Job growth shifting away from resources

Although the resource sector is a key economic engine, total job growth over the last 10 years has been less than one per cent. Resource activity will not add new jobs, nor much stimulus to new housing demand in the short term. The service sector has posted strong job growth, but below average incomes mean service sector employees often face affordability constraints. The high-paying professional, scientific, and technical sector has generated a 55 per cent increase in jobs over the last 10 years. This sector, the so called "new economy", will be the main driver of housing demand in B.C. this year and next.

Contact: Charles King (604) 737-4096, cking@cmhc-schl.gc.ca

Alberta

Overview

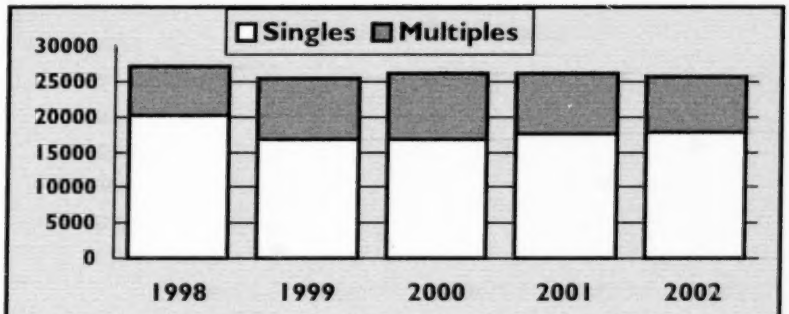
Strong economy maintains housing activity.

Continued high levels of investment in the energy sector will underpin economic growth. Recent expansions in the food and beverage, petrochemical, and pipeline industries are expected to give a lift to exports. As a result, Alberta will continue to have one of the fastest growing economies in the country over the next two years.

Growth will continue to fuel the demand for additional workers, leading to further labour market tightening. The unemployment rate will drop to its lowest level in a quarter century. The tight labour market will continue to attract people to the province. However, given the improved economic picture in other provinces, interprovincial migration levels are expected to lessen in the next two years. As a result, Alberta will have to rely more on international migration to sustain housing demand.

Strong labour markets, affordable mortgage rates, and continued positive migration will have a favourable impact on housing demand. Excess demand from the resale market will spill over into the new home market. Look for housing starts to maintain the healthy levels observed over the past three years.

Alberta Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: The demand for new single family housing will remain firm due to positive income growth, favourable mortgage rates, and a chronic shortage of better quality units in the resale market. Look for modest growth in single starts in the next two years.

Multiple Starts: Buyers are increasingly accepting condominums as alternatives to higher-priced single-detached units. Though multiple starts will not match the levels of the last two years, output will still be very healthy by historical standards.

Resales: MLS sales have hit new highs in recent years and now appear to have plateaued. Rising house prices coupled with increases in mortgage rates last year have eliminated some first-time buyers in several markets. As well, lack of good-quality, affordable resale homes is dampening sales. Look for sales to edge past the 2000 record level in the next two years.

Prices: The pace of growth in the average MLS residential price will slow as markets in many centres move from sellers' to balanced conditions. A large portion of the price increase will be due to increased market share of higher-priced units. **Canmore**, **Calgary**, and **Fort McMurray** will continue to be the most expensive markets in the province over the next two years.

Spotlight on AFFORDABILITY

In Alberta, higher interest rates and escalating prices have raised mortgage carrying costs over the past few years. Each year, it is becoming more difficult for renters to buy first homes. As a result, expect more people to stay in rental accomodation, rather than purchasing.

While declining affordablity hinders first-time purchases, there is a larger impact on the marketplace to consider. If renters cannot afford to purchase homes, move-up buying will also slow, as those seeking to upgrade to more expensive residences may find it increasingly difficult to sell their current homes.

Contact: Richard Corriveau (403) 515-3005, rcorrive@cmhc-schl.gc.ca

Saskatchewan

Overview

Economic indicators point to growth in housing demand.

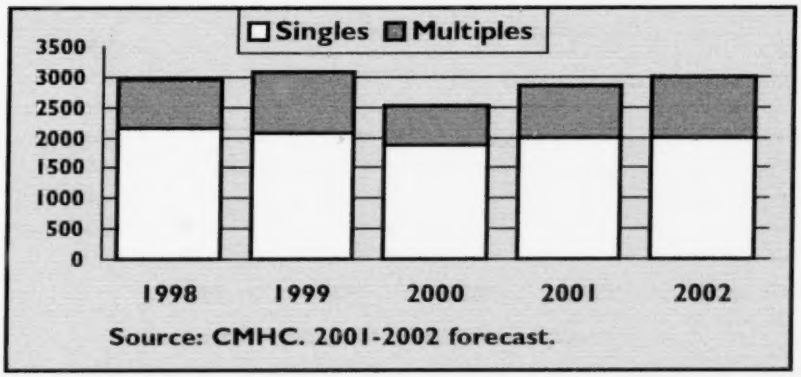
Total economic output is forecast to grow at an annual rate of 2.5 per cent in 2001 and 2002. Investment will increase as continued strength of oil and natural gas prices propels exploration and development activity. Exports will also be an important source of growth.

Saskatchewan has recorded negative net interprovincial migration for 15 consecutive years. Due to superior job opportunities in other provinces, this pattern will persist over the forecast period.

On a positive note, however, the labour market will become increasingly tight, lessening the outflow of people to other provinces. Since about three quarters of the people who move from province to province are between the ages of 15 and 64, the improvement in net interprovincial migration should have beneficial effects on labour supply as well as on housing demand.

Total net migration is forecast to be positive by 2002 as an increasing number of international migrants will offset losses through interprovincial migration. The rise in international migration will stimulate housing demand. In the short term, immigration is positive for rental housing demand and, in the longer term, for single-detached housing.

Saskatchewan Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Starts will benefit from a lack of listings in the resale market. As a result, activity in this sector will be slightly above the average of the previous five years. Look for starts to rise this year before stabilizing next year.

Multiple Starts: After a pause in 2000, multiple starts are expected to rebound over the next two years. Currently, the new condominium market in **Regina** and **Saskatoon** is balanced, and the average price of new condominiums is relatively low. Rising prices in the single-detached market should encourage empty-nesters and seniors to convert their equity into new condominiums. Overall, multiple starts will enjoy strong growth in 2001 and 2002.

Resales: Strong labour markets and affordable mortgage rates will have a favourable impact on demand for resale housing. Given a shortage of listings at the lower end of the price range, however, look for flat MLS sales in the next two years.

Prices: After increasing at an average annual rate of five per cent over the last five years, price hikes are forecast to moderate slightly but to remain well above the rate of inflation.

Spotlight on LABOUR MARKETS

Saskatchewan is starting to run out of workers. Over 80 per cent of people aged 25 to 44 are either working or looking for work. Participation rates are also exceeding 70 per cent in the 20-24 and 45-64 age groups. That means that the only pool of workers left in the province are teenagers and seniors.

Lack of skilled workers will force businesses to innovate in order to raise productivity. Firms will also have to offer more financial and other incentives to attract and retain workers. The degree to which these two strategies are successful will play a major role in the economic fortunes of the province.

Contact: Paul Caton (306) 975-4897, pcaton@cmhc-schl.gc.ca

Manitoba

Overview

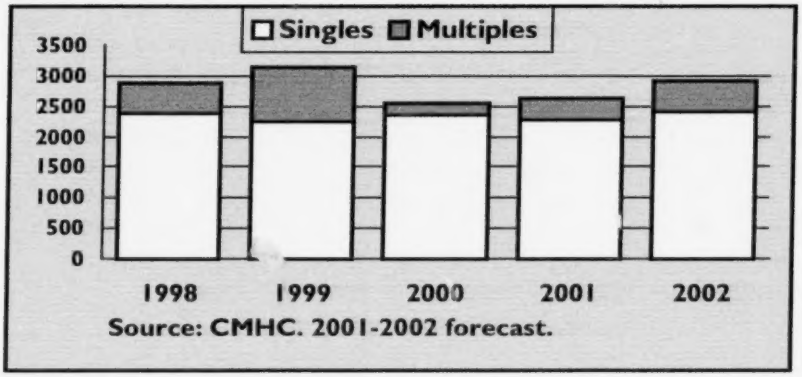
Economic climate favourable to housing markets.

Look for the economy to grow by around 2.5 per cent annually in 2001 and 2002. Manitoba will reap the benefits of diversification as the manufacturing sector turns in a solid performance.

The unemployment rate has consistently been lower than the Canadian average in recent years. The province is now starting to run out of workers. Over two-thirds of the working-age population is in the labour force, a record high. A growing economy will produce further tightening of the labour market. The unemployment rate will drop to its lowest level in a quarter century. The tight market and continuing labour demand will attract more people to the province.

Strong labour markets, affordable mortgage rates, and positive migration will stimulate the demand for housing. Excess demand from the resale market will spill over into the new home market, benefiting single-family construction. Favourable migration flows will boost multiple starts over the next two years. **Winnipeg** will account for the majority of all starts.

Manitoba Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Single starts will benefit from a healthy economy and a tight resale market. As a result, activity will be slightly above the average of the past five years.

Multiple Starts: After a signficant decline in 2000, multiple starts will increase this year and next year, assisted by positive migration. As well, life-lease housing continues to grow in popularity for those aged 55 and over. An aging population will keep the demand for this type of housing strong in 2001 and beyond.

Resales: Resale markets continue to be characterized by strong demand, limited choice, and short listing periods. Although favourable mortgage rates and a strong labour market will stimulate demand over the next two years, an ongoing shortage of listings will keep MLS sales from rising much above current levels.

Prices: Increased sales of modestly priced homes will slow average MLS price gains to about one per cent annually. Manitoba will continue to have one of the most affordable resale markets in the country.

Spotlight on JOB CREATION

A major factor driving provincial growth will be the solid performance of the Winnipeg economy. Recent announcements from the city's key players suggest that this economic growth will be fueled over the next few years by increased job creation.

Motor Coach Industries recently signed a contract with New Jersey Transit worth $726 million. Kitchen Craft of Canada is undertaking a $26 million expansion that will create at least 300 new jobs over the next three years. Palliser Furniture, the largest furniture manufacturer in Canada, is continuing its expansion, as is Loewen Windows. The city's biggest call centre, Convergys Customer Management, is planning to hire an additional 500 employees by year's end. Overall, more than 10,000 new jobs are expected to be created in the next two years.

Contact: Dwayne Rewniak (204) 983-8503, drewniak@cmhc-schl.gc.ca

Ontario

Overview

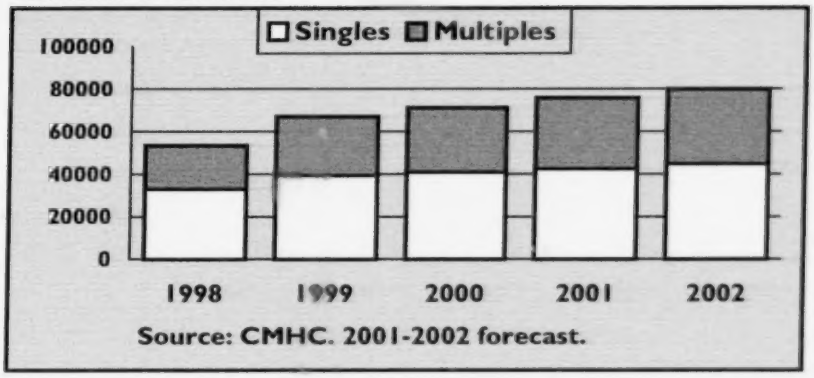
Starts hit eleven-year high.

Despite edging down in the fourth quarter, housing starts hit an eleven-year high last year. With the economy growing, further increases are expected. Ontario, with under 40 per cent of the country's population, has accounted for just under half of all starts.

So what is powering housing demand? Jobs! Employment is up, and the economy is turning in a better-than-average performance. Job seekers are moving to the province and adding to demand pressures. Resale home markets are tight.

The dark cloud on the horizon is the slowing U.S. economy. The fear is that U. S. weakness will spill into Ontario. However, most economic indicators for Ontario remain healthy, and the expectation is that a respectable pace of job creation will continue.

Ontario Starts



Source: CMHC. 2001-2002 forecast.

The most popular home types will be ownership singles followed by ownership multiples. Rental home starts doubled last year and will continue to rise, but will remain low by historical standards despite tighter rental markets.

Ontario's rental vacancy rate dropped to 1.6 per cent in October 2000 from 2.1 per cent in October 1999. The average rent for a two-bedroom apartment jumped 5.6 per cent — double the rate of inflation. Jobs, high net migration, and a growing young renter-aged population will further tighten rental markets.

In Detail

Single Starts: Singles will account for well over half of all starts. Strong job growth will boost demand for this most popular and expensive housing form.

Multiple Starts: Growth in multiple starts will outpace that of singles. With the prices of new homes up, a growing share of new home purchasers will opt for more affordable multiple-family homes. Ownership multiples, such as freehold row and semi-detached homes and condominiums, will account for most of the multiple starts.

Resales: After edging up last year, expect further sales increases in 2001, with a slight retreat in 2002 as listings become scarce.

Prices: Jobs and migration will boost home prices faster than the general rate of inflation. The strongest increases will be in Ontario's tightest resale markets — **Ottawa**, **Kitchener**, and **Toronto**.

The same holds true for new home prices, which will move up in most major markets.

Even prices in **Sudbury-Thunder Bay**, which have dropped in the face of a sluggish Northern Ontario economy, will turn around in 2001 and 2002.

Spotlight on IMMIGRANTS

Immigration is the largest contributor to population growth and housing demand in Ontario. What do we know about immigrants?

- **Immigrants tend to rent until they become established. After a dozen years in Canada, more immigrant households own than rent.**
- **Immigrants initially move into the largest urban centres. Some later move to smaller centres.**
- **Immigrants, on average, are younger than non-immigrants.**
- **A higher percentage of immigrants have university degrees, but a higher percentage also have a grade eight education or less.**
- **Immigrant incomes play catch-up with Canadian-born counterparts until the latter years of their life-cycle.**
- **Immigrants buy their first homes four years later on average than non-immigrants.**

Contact: Alex Medow (416) 218-3344, amedow@cmhc-schl.gc.ca

Quebec

Overview

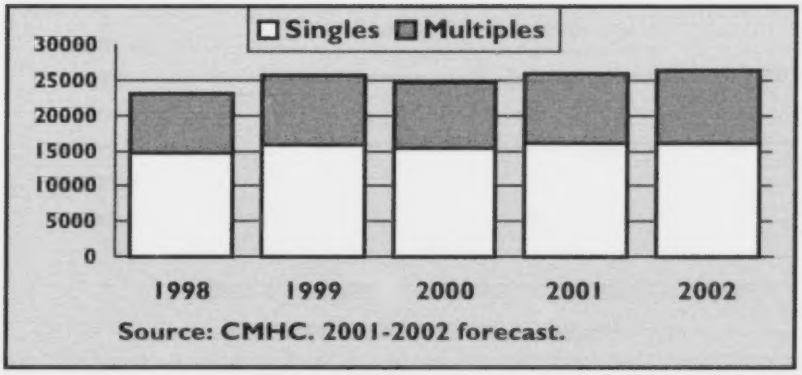
Increase in housing activity in 2001 and 2002.

Thanks to the strong performance of the Quebec economy and a decrease in the inventory of existing homes for sale, housing activity will be on the rise this year and next. The number of housing starts will reach 26,000 in 2001 and 26,500 in 2002.

The cooling of the North American economy will slow economic growth in Quebec in 2001 and 2002. However, the deceleration will be more moderate than in the early 1990s, since Quebec now exports more products that are less sensitive to economic cycles. It is therefore expected that GDP will grow by 3.0 per cent in 2001 and 2.8 per cent in 2002.

Strong job creation will allow the unemployment rate to fall to 8.1 per cent in 2001, but this rate will climb to 8.4 per cent in 2002. The rise in disposable income in the last two years, combined with favourable mortgage rates, will encourage homeownership.

Quebec Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Strong employment growth in recent years, combined with a more limited choice on the resale market, will stimulate single-family home building. It is expected that the number of housing starts will be 16,000 this year and 16,200 in 2002.

Multiple Starts: The increase in the number of new multiple housing units in 2001 and 2002 will stem from the rise in rental housing construction caused by the low vacancy rate (2.2%) observed in Quebec. However, this increase will be limited by the expected decline in semi-detached and row housing starts (less popular in an expansion period) and condominium construction (due to a growing inventory of new units in the **Montréal** area).

Resales: The strong demand for existing homes in recent years will result in a reduction in the number of properties for sale. Sales will continue to rise, but at a slower pace due to increasing prices. The number of sales will reach new records in 2001 and 2002.

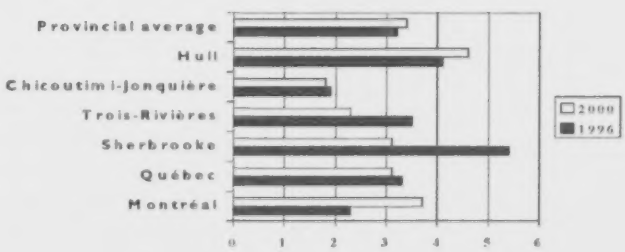
Prices: A strong resale market, increasingly favourable to sellers, particularly in the **Montréal** area, will create upward pressure on the average price for existing homes.

Spotlight on an INDICATOR OF VITALITY: HOUSING STARTS PER CAPITA

The rate of housing starts per capita provides insights into the vitality of new construction in local markets.

Montréal and Hull are the markets that have benefited the most from the rapid economic development in Quebec since 1996. The Québec and Chicoutimi areas remained rather stable, while Sherbrooke and Trois-Rivières sustained major decreases. In 2000, all areas except Montréal and Hull were below the provincial average of 3.4 housing starts per 1,000 inhabitants.

Housing Starts per 1,000 Inhabitants



Contact: Jean-François Dion (418) 649-8101, jfdion@cmhc-schl.gc.ca

New Brunswick

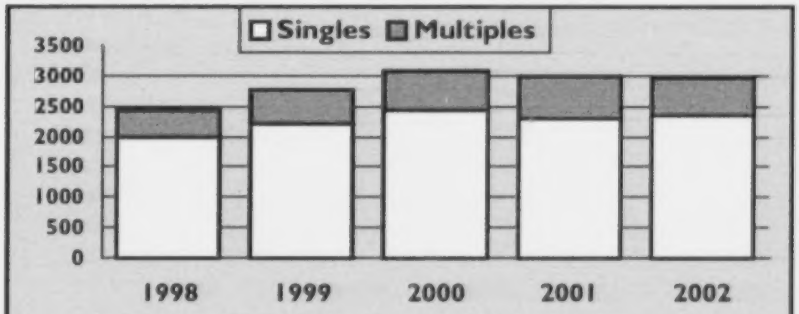
Overview

Solid labour market conditions will continue to stimulate housing demand.

Buoyed by mega-project construction and the strength of the U.S. economy, the New Brunswick economy enjoyed a strong year in 2000. Employment hit record levels, and exports and manufacturing shipments were up significantly. Look for growth to slow from around 3.8 per cent last year to 2.0 per cent this year as mega-project activity winds down and the U.S. economy cools.

Attractive labour market conditions will encourage people to look for jobs, but the resultant growth of the labour force is not expected to keep pace with employment gains. As a result, look for the unemployment rate to continue dropping in the next two years.

New Brunswick Starts



Source: CMHC. 2001-2002 forecast.

The solid labour market will continue to attract job seekers to the province. In 1999, net migration turned strongly positive, ending several years of out-migration. Look for positive net migration in 2001 and 2002.

Migration flows will help sustain demand for rental and ownership housing. Despite dropping about three per cent in the next two years, total housing starts will remain strong.

In Detail

Single Starts: After posting one of the best totals of the last ten years, look for single starts to decline slightly this year, but to remain strong. Thanks to healthy in-migration, **Moncton** will continue to lead the province in new home construction. An expanding economy will also support growing demand for new homes in **Fredericton**, **Saint John**, **Rothesay**, and **Quispamsis**.

Multiple Starts: Declines in rental vacancy rates in all three major urban centres combined with attractive lumber costs may stimulate rental construction. Overall, multiple starts should increase again this year after a strong performance in 2000.

Resales: After a record year in 2000, look for slightly lower but still healthy MLS sales over the next two years. In-migration will help sustain demand.

Prices: Strong demand and limited supply will continue to boost house prices over the next two years.

Spotlight on LUMBER PRICES

Low lumber prices may stimulate construction

Atlantic softwood lumber prices fell significantly last year. A slowdown in construction activity in New England, where about 80 per cent of New Brunswick's lumber ends up, was the main factor underlying a substantial drop in the demand for softwood lumber in 2000.

An ample supply of lumber combined with weak demand has created downward pressure on prices. Should prices remain low over the mid-term, lower building costs may stimulate new home construction in New Brunswick and benefit consumers.

Contact: Benoit Champoux (506) 851-2742, bchampou@cmhc-schl.gc.ca

Nova Scotia

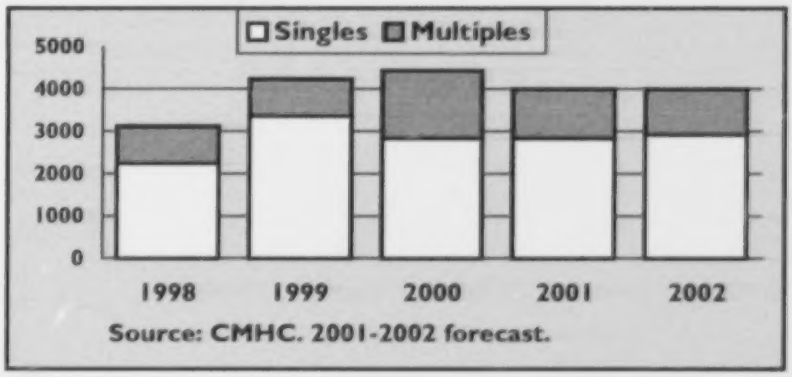
Overview

Housing market activity to moderate in 2001 as economy makes soft landing.

This year, the economy in Nova Scotia is expected to cool down from the torrid pace of the last two years. Last year, strong U.S. demand contributed to vigourous job creation and robust growth in manufacturing shipments and port-related activities. Natural gas production and exploration activity also increased, with further gains expected in the next two years.

The economy will feel the effects of weakening international demand, particularly from the U.S. Business investment and consumer spending will slow as a result. Growth will also be dampened by limited public sector investment as the provincial government continues to practice fiscal restraint in its effort to balance the budget.

Nova Scotia Starts



Source: CMHC. 2001-2002 forecast.

Look for the economy to expand by 1.9 percent in 2001, down from an estimated 2.7 percent last year.

Total housing starts rose modestly last year, on the strength of a spike in construction of new, large multi-unit rental and condominium developments in **Halifax**. Starts are expected to decline by around 10 percent in 2001 and remain flat in 2002. The reduction in starts over the next two years mainly reflects an anticipated decline in multiple construction, following the peak in 2000.

In Detail

Single Starts: Less demand for new single units wil ease some of the upward price pressure in local housing markets and slow house price growth to more sustainable levels. As a result, single starts will drop again in 2001, before recovering in 2002 as the economy rebounds and affordability improves.

Multiple Starts: While the condominium market in **Halifax** will remain tight, rental vacancy rates are expected to rise slightly with the addition of plenty of new stock in 2000 and 2001. Demand in urban centres **outside Halifax** will be driven by move-down activity among seniors and empty-nesters selling their homes in exchange for more flexible and lower-maintenance new rental and condo accommodation.

Resales: Existing home sales will fall slightly as a result of a continuing scarcity of listings and a dip in demand after several years of exceptional resale market sales activity.

Prices: Average MLS prices will continue to grow in 2001, but not as fast as in 2000. Weakening demand and the re-emergence of first-time buyers will result in a 2.7 percent hike in MLS prices in 2001, down from 7.7 percent in 2000.

Spotlight on the RENTAL MARKET

Pressure easing in Halifax

The rental vacancy rate in Halifax stood at 3.6 per cent in October 2000 - on par with the rate in 1999. The data imply a slight easing of pressure in the rental market, following a three-year drop in vacancy rates resulting from declining home ownership affordability coupled with tight resale and new home construction conditions.

In the next two years, expect the vacancy rate in Halifax to increase slightly with the continued addition of new rental stock. In other areas of Nova Scotia, rental demand will ease in line with lower provincial economic growth in 2001, before recovering again in 2002.

Contact: Brian Baxter (902) 426-8348, baxter@cmhc-schl.gc.ca

P.E.I.

Overview

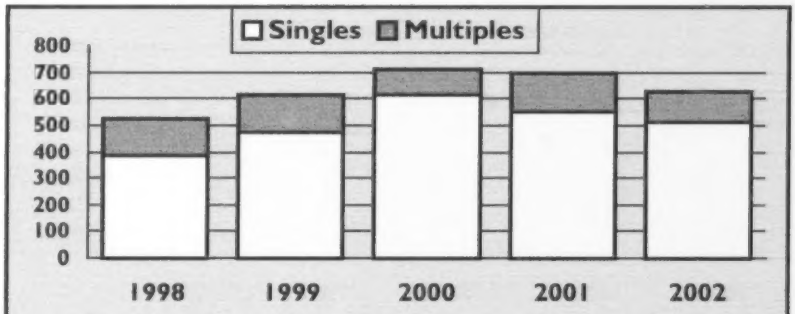
Provincial economy growing at a brisk pace.

Employment grew at a record pace last year, the highest rate of job growth in the country. A broadening manufacturing-based economy generated a substantial increase in international exports and a rise in manufacturing shipments. The buoyant economic performance boosted consumer confidence, as evidenced by increasing retail sales and motor vehicle purchases.

A solid performance by most traditional industries on the Island combined with the rapid expansion of new high-tech sectors will continue to stimulate the province's economy. After exceptional growth of around four per cent last year, the pace of expansion is expected to moderate to about 2.5 per cent this year, before rising slightly in 2002.

Strong employment growth, which brought the unemployment rate down by more than two percentage points in 2000, will reduce the jobless rate over the next two years. Solid job creation continues to attract people to the Island. Net migration averaged close to 1,000 people annually in the last two years. A continuation of strong in-migration in the next two years will stimulate demand for new homes.

P.E.I. Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Last year, high in-migration levels generated increased demand for single-detached dwellings and a significant increase in starts. Look for construction to drop slightly in 2001 and 2002, but to remain strong in historical terms.

Multiple Starts: Despite tightening rental market conditions in **Charlottetown**, developers built only 18 apartment units in the first eleven months of 2000 compared to 58 units in the previous year. As a result, the vacancy rate dropped to 2.6 per cent, the lowest level in well over a decade. Strong demand combined with fewer vacancies and attractive softwood lumber costs will boost multiple starts in 2001. Starts will drop in 2002 but will still be considerably higher than they were last year.

Resales: Healthy demand for existing homes will support a brisk resale market; however, after establishing a new record last year, look for MLS sales to ease this year and next.

Prices: Strong demand and a limited supply of affordable homes will continue to boost average MLS prices over the next two years.

Spotlight on TOURISM

Number of tourists to rise in 2001

For the first time in several years, the tourism sector turned in a lacklustre performance in 2000. Preliminary data indicate that visits by tourists dropped 7.5 per cent from 1999 record levels. Higher fuel prices and several competing major headline events in neighbouring provinces contributed to the reduced tourist numbers.

With fewer headline events in other Atlantic provinces, several new golf courses in P.E.I., and the potential for lower fuel prices, look for tourism to rebound over the next two years, stimulating economic growth and helping maintain housing market momentum.

Contact: Benoit Champoux (506) 851-2742, bchampou@cmhc-schl.gc.ca

Newfoundland

Overview

Economic expansion keeps housing markets buoyant.

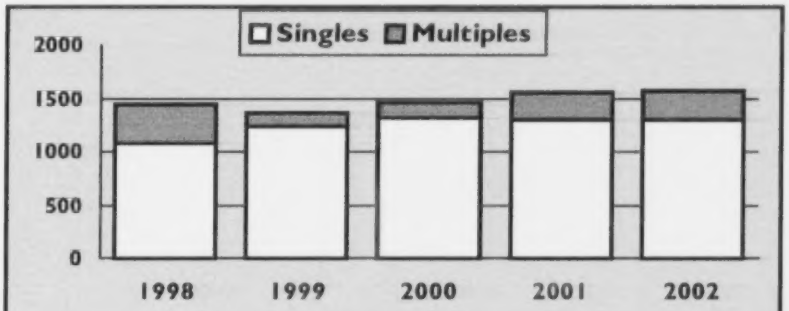
Buoyed by an expanding economy, the outlook for housing markets in the next two years is positive. Despite slightly slower growth than in recent years, Newfoundland's economy will remain among the top provincial performers in 2001 and 2002.

Ongoing expansion of the offshore oil industry will generate significant benefits. Increased output from Hibernia, the additon of oil production from Terra Nova, and expected start-up of the White Rose development will be the major drivers of economic growth. Solid fundamentals in the oil industry bode well for sustained investment in exploration activity as well.

The provincial income tax rate is scheduled to fall significantly by 2002. Tax cuts combined with healthy wage gains will support continued growth in the retail sector, albeit slightly below the torrid pace set last year.

Despite the stellar economic performance, labour markets will continue to lag. Modest employment gains of around 1.0 per cent are forecast annually. Sustained economic growth and movement to the province of oil-related personnel will gradually reduce out-migration. These factors, coupled with healthy incomes and favourable interest rates, will support strong housing demand.

Newfoundland Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Following strong growth over the previous two years, starts will fall slightly in 2001 and plateau in 2002. Modest employment growth, out-migration, and ongoing weakness in rural areas will be the major factors behind the decline. The **St. John's** economy will continue to outperform the remainder of the province, maintaining single starts at healthy levels.

Multiple Starts: Multiple starts will be the bright spot within the industry. With vacancy rates in the **St. John's** region falling to their lowest level in a decade and demand from seniors gaining momentum, construction is poised to recover over the next two years. Rising rents associated with the shortage of rental housing will promote investment in apartment units. Ownership demand from move-up buyers and seniors will also support starts of condominium and mid-priced semi-detached and row units.

Resales: Favourable interest rates and strong demand will allow MLS sales in 2001 to keep pace with the record volume posted last year. Sales will dip slightly in 2002.

Prices: Strong demand and increased sales of higher-priced homes to move-up buyers will keep MLS prices at record levels in each of the next two years.

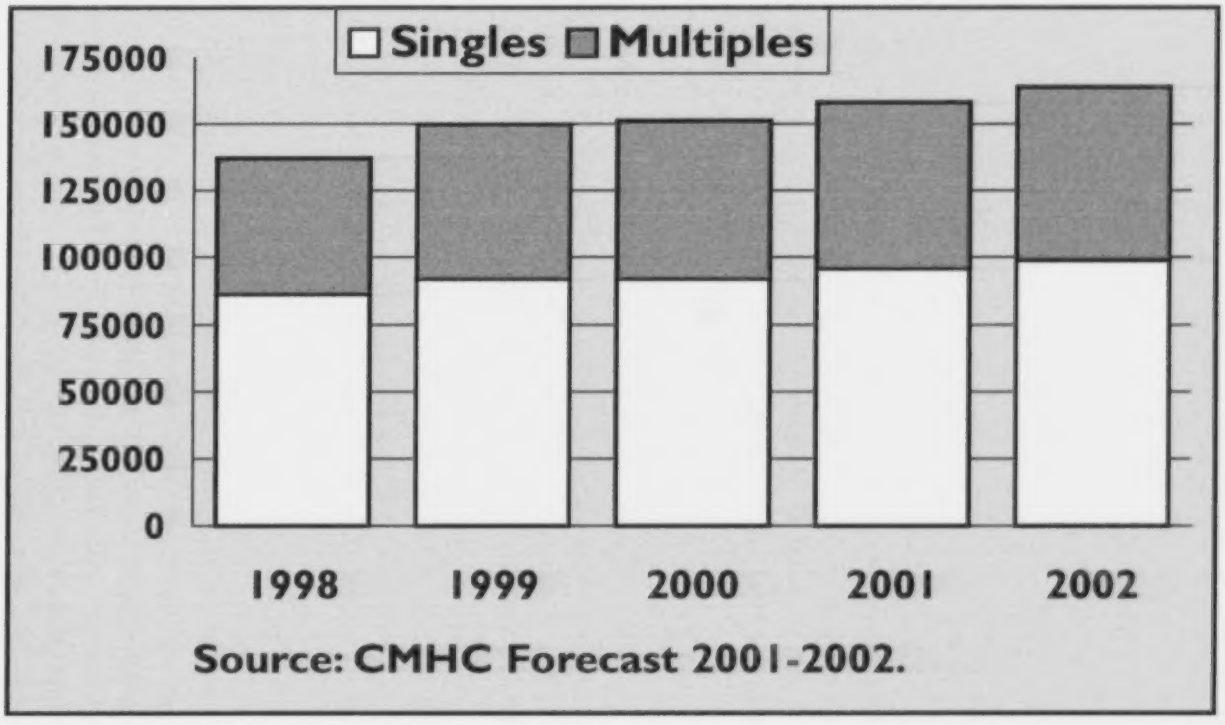
Spotlight on the ST. JOHN'S RENTAL MARKET

The rental market in St. John's tightened considerably last year. The apartment vacancy rate fell to its lowest level in 10 years. At 3.8 per cent, the vacancy rate declined for the third consecutive year and posted the largest decrease of any major metropolitan area in Canada. Tight conditions produced a nine per cent jump in rents for both two and three-bedroom units.

While increasing demand has played a role, the ongoing reduction in rental stock stemming from condominium conversions has been the major factor behind the drop in the vacancy rate. With more conversions expected and the economy poised for further expansion, the rental market will tighten further over the short term. Conditions for investment in rental properties have not been this positive in years.

Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca

Canada Starts



Source: CMHC Forecast 2001-2002.

Total Housing Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	2034	1696	1450	1371	1459	1550	1575
%	18.8	-16.6	-14.5	-5.4	6.4	6.2	1.6
PEI	554	470	524	616	710	700	625
%	31.3	-15.2	11.5	17.6	15.3	-1.4	-10.7
NS	4059	3813	3137	4250	4432	4000	4000
%	-2.6	-6.1	-17.7	35.5	4.3	-9.7	0.0
NB	2722	2702	2447	2776	3079	3000	2975
%	18.3	-0.7	-9.4	13.4	10.9	-2.6	-0.8
QUE	23220	25896	23138	25742	24695	26000	26500
%	6.1	11.5	-10.7	11.3	-4.1	5.3	1.9
ONT	43062	54072	53830	67235	71521	76000	80000
%	20.2	25.6	-0.4	24.9	6.4	6.3	5.3
MAN	2318	2612	2895	3133	2560	2635	2900
%	18.1	12.7	10.8	8.2	-18.3	2.9	10.1
SASK	2438	2757	2965	3089	2513	2850	3000
%	43.2	13.1	7.5	4.2	-18.6	13.4	5.3
ALTA	16665	23671	27122	25447	26266	26150	25775
%	19.8	42.0	14.6	-6.2	3.2	-0.4	-1.4
BC	27641	29351	19931	16309	14418	15500	16900
%	2.2	6.2	-32.1	-18.2	-11.6	7.5	9.0
CAN	124713	147040	137439	149968	151653	*158400	*164300
%	12.4	17.9	-6.5	9.1	1.1	4.4	3.7

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	1395	1220	1086	1233	1315	1300	1300
%	19.7	-12.5	-11.0	13.5	6.7	-1.1	0.0
PEI	430	374	387	472	614	550	510
%	18.1	-13.0	3.5	22.0	30.1	-10.4	-7.3
NS	3278	2939	2257	3345	2856	2825	2925
%	7.8	-10.3	-23.2	48.2	-14.6	-1.1	3.5
NB	2173	2125	1989	2201	2442	2300	2350
%	26.2	-2.2	-6.4	10.7	10.9	-5.8	2.2
QUE	14818	16073	14685	15798	15349	16000	16200
%	10.4	8.5	-8.6	7.6	-2.8	4.2	1.2
ONT	27019	35401	32737	39421	41087	42700	44500
%	34.3	31.0	-7.5	20.4	4.2	3.9	4.2
MAN	1875	2019	2368	2231	2348	2265	2400
%	19.9	7.7	17.3	-5.8	5.2	-3.5	6.0
SASK	1612	1954	2154	2070	1890	2000	2000
%	20.2	21.2	10.2	-3.9	-8.7	5.8	0.0
ALTA	12949	18170	20077	16688	16835	17500	17700
%	28.3	40.3	10.5	-16.9	0.9	4.0	1.1
BC	12447	12911	8691	8731	7448	7800	8200
%	7.5	3.7	-32.7	0.5	-14.7	4.7	5.1
CAN	77996	93186	86431	92190	92184	*95200	*98100
%	21.1	19.5	-7.2	6.7	-0.0	3.3	3.0

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	639	476	364	138	144	250	275
%	16.8	-25.5	-23.5	-62.1	4.3	73.6	10.0
PEI	124	96	137	144	96	150	115
%	113.8	-22.6	42.7	5.1	-33.3	56.3	-23.3
NS	781	874	880	905	1576	1175	1075
%	-30.8	11.9	0.7	2.8	74.1	-25.4	-8.5
NB	549	577	458	575	637	700	625
%	-5.0	5.1	-20.6	25.5	10.8	9.9	-10.7
QUE	8402	9823	8453	9944	9346	10000	10300
%	-0.7	16.9	-13.9	17.6	-6.0	7.0	3.0
ONT	16043	18671	21093	27814	30434	33300	35500
%	2.2	16.4	13.0	31.9	9.4	9.4	6.6
MAN	443	593	527	902	212	370	500
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
SASK	826	803	811	1019	623	850	1000
%	128.8	-2.8	1.0	25.6	-38.9	36.4	17.6
ALTA	3716	5501	7045	8759	9431	8650	8075
%	-2.5	48.0	28.1	24.3	7.7	-8.3	-6.6
BC	15194	16440	11240	7578	6970	7700	8700
%	-1.8	8.2	-31.6	-32.6	-8.0	10.5	13.0
CAN	46717	53854	51008	57778	59469	*63100	*66200
%	0.4	15.3	-5.3	13.3	2.9	6.1	4.9

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NF	Semi-detached	141	158	163	50	44	40	50
	Row	40	18	20	9	23	60	50
	Apartment	458	300	181	79	77	150	175
	Total	639	476	364	138	144	250	275
PEI	Semi-detached	10	12	28	32	46	40	30
	Row	68	43	10	31	21	25	20
	Apartment	46	41	99	81	29	85	65
	Total	124	96	137	144	96	150	115
NS	Semi-detached	447	303	290	218	266	225	225
	Row	59	58	89	29	17	25	50
	Apartment	275	513	501	658	1293	925	800
	Total	781	874	880	905	1576	1175	1075
NB	Semi-detached	138	106	106	134	113	120	125
	Row	92	132	89	94	26	60	50
	Apartment	319	339	263	347	498	520	450
	Total	549	577	458	575	637	700	625
QC	Semi-detached	2384	2767	1930	1586	1291	1150	1100
	Row	1094	1433	1074	1184	858	850	850
	Apartment	4924	5623	5449	7174	7197	8000	8350
	Total	8402	9823	8453	9944	9346	10000	10300
ON	Semi-detached	3348	4299	4575	6445	7167	8500	8800
	Row	8124	9964	10073	10425	10846	11400	11900
	Apartment	4571	4408	6445	10944	12421	13400	14800
	Total	16043	18671	21093	27814	30434	33300	35500
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SK	Semi-detached	134	160	174	155	148	150	200
	Row	193	352	222	104	173	200	200
	Apartment	499	291	415	760	302	500	600
	Total	826	803	811	1019	623	850	1000
ALB	Semi-detached	1049	1458	1428	1570	1518	1500	1525
	Row	1203	1691	1512	1424	1545	1200	1300
	Apartment	1464	2352	4105	5765	6368	5950	5250
	Total	3716	5501	7045	8759	9431	8650	8075
B.C.	Semi-detached	1528	1979	1218	816	885	1100	1400
	Row	3364	3469	2117	1444	1675	1800	1800
	Apartment	10302	10992	7905	5318	4410	4800	5500
	Total	15194	16440	11240	7578	6970	7700	8700
CAN	Semi-detached	9305	11385	10043	11096	11530	*12900	*13500
	Row	14350	17256	15287	14895	15247	*15700	*16400
	Apartment	23062	25213	25678	31787	32692	*34500	*36300
	Total	46717	53854	51008	57778	59469	*63100	*66200

Source: CMHC Forecast 2001-2002.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op		Total				Other	All Areas
		Private	Assisted	Rental	Condo	Other*	Total 10,000+	Areas	Total
NFLD	2000	0	0	0	15	101	116	28	144
	2001	140	0	140	60	40	240	10	250
	2002	150	0	150	85	30	265	10	275
PEI	2000	62	0	62	0	10	72	24	96
	2001	85	0	85	20	35	140	10	150
	2002	65	0	65	0	40	105	10	115
NS	2000	809	0	809	371	150	1330	246	1576
	2001	675	0	675	300	75	1050	125	1175
	2002	600	0	600	200	100	900	175	1075
NB	2000	354	0	354	41	180	575	62	637
	2001	480	0	480	60	120	660	40	700
	2002	400	0	400	65	110	575	50	625
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	4100	0	4100	3700	1200	9000	1000	10000
	2002	4550	0	4550	3600	1150	9300	1000	10300
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	3200	0	3200	14300	15600	33100	200	33300
	2002	3800	0	3800	15200	16200	35200	300	35500
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	75	0	75	600	100	775	75	850
	2002	90	0	90	700	120	910	90	1000
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	800	0	800	5975	700	7475	1175	8650
	2002	750	0	750	5600	650	7000	1075	8075
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	1400	950	2350	4300	600	7250	450	7700
	2002	1350	950	2300	5200	700	8200	500	8700
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	11110	950	12060	29425	18485	59970	3175	**63100
	2002	11980	950	12930	30790	19120	62840	3325	**66200

Source: CMHC Forecast 2001-2002.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	2005	2170	2288	2437	2593	2600	2525
%	21.1	8.2	5.4	6.5	6.4	0.3	-2.9
PEI	750	806	1125	1184	1206	1200	1150
%	57.6	7.5	39.6	5.2	1.9	-0.5	-4.2
NS	8372	7567	8052	8827	8300	7900	8000
%	19.3	-9.6	6.4	9.6	-6.0	-4.8	1.3
NB	4023	3941	3908	4080	4540	4100	4200
%	15.1	-2.0	-0.8	4.4	11.3	-9.7	2.4
QUE	39135	43463	45192	49792	53500	55000	56000
%	31.4	11.1	4.0	10.2	7.4	2.8	1.8
ONT	137921	140608	138463	148660	149700	155000	153000
%	31.4	1.9	-1.5	7.4	0.7	3.5	-1.3
MAN	10965	11180	10762	11111	10925	11100	11100
%	12.5	2.0	-3.7	3.2	-1.7	1.6	0.0
SASK	8689	8346	8068	8053	7600	7500	7500
%	18.2	-3.9	-3.3	-0.2	-5.6	-1.3	0.0
ALTA	37485	43693	43383	42684	43800	44300	44300
%	28.8	16.6	-0.7	-1.6	2.6	1.1	0.0
BC	72182	68182	52910	58084	54250	55700	58000
%	24.3	-5.5	-22.4	9.8	-6.6	2.7	4.1
CAN	321527	329956	314151	334912	336414	*344400	*345800
%	27.7	2.6	-4.8	6.6	0.4	2.4	0.4

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2001-2002.
(E) Estimate. (F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	93661	92226	91514	94359	99525	101000	102500
%	4.6	-1.5	-0.8	3.1	5.5	1.5	1.5
PEI	83922	86403	79577	82139	82950	84000	84500
%	13.7	3.0	-7.9	3.2	1.0	1.3	0.6
NS	93444	96693	97015	102628	110500	113500	114500
%	4.1	3.5	0.3	5.8	7.7	2.7	0.9
NB	84198	87204	86648	88072	91200	92500	94000
%	0.2	3.6	-0.6	1.6	3.6	1.4	1.6
QUE	98435	101715	103947	107501	111250	114500	118500
%	-0.3	3.3	2.2	3.4	3.5	2.9	3.5
ONT	155662	164382	167115	174048	183900	193000	200000
%	0.7	5.6	1.7	4.1	5.7	4.9	3.6
MAN	85318	85404	86419	84525	88000	88900	89800
%	4.2	0.1	1.2	-2.2	4.1	1.0	1.0
SASK	77478	83978	87577	91396	95500	99500	103500
%	5.0	8.4	4.3	4.4	4.5	4.2	4.0
ALTA	117673	124865	132905	139621	145500	150600	154500
%	2.5	6.1	6.4	5.1	4.2	3.5	2.6
BC	218687	220512	212045	215283	222500	227500	230400
%	-1.4	0.8	-3.8	1.5	3.4	2.2	1.3
CAN	150837	154644	152402	158126	164386	*171100	*176100
%	0.3	2.5	-1.4	3.8	4.0	4.1	2.9

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2001-2002.
(E) Estimate. (F) Forecast.
* Total does not add due to rounding.

Employment (annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	0.5	1.0
PEI	2.9	0.5	1.9	1.5	5.3	1.0	1.2
NS	0.2	1.6	3.8	2.4	2.7	1.2	1.3
NB	-1.2	1.5	2.3	3.3	1.8	1.0	1.2
QUE	-0.1	1.6	2.7	2.3	2.4	1.9	1.3
ONT	1.0	2.6	3.3	3.6	3.2	2.5	2.4
MAN	-0.1	1.3	1.9	1.3	2.2	1.5	1.4
SASK	-0.4	2.7	1.3	0.8	1.0	1.3	1.0
ALTA	2.9	3.5	3.9	2.5	2.3	1.9	1.7
BC	1.6	2.6	0.1	1.9	2.2	2.0	2.0
CAN	0.8	2.3	2.7	2.8	2.6	2.0	1.8

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Unemployment Rate (per cent)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	15.9	15.8
PEI	14.8	15.4	13.9	14.4	12.0	11.6	11.5
NS	12.3	12.1	10.5	9.6	9.1	8.7	8.3
NB	11.6	12.7	12.2	10.2	10.0	9.6	9.4
QUE	11.9	11.4	10.3	9.3	8.4	8.1	8.4
ONT	9.0	8.4	7.2	6.3	5.7	5.8	6.1
MAN	7.2	6.5	5.5	5.6	4.9	4.4	3.9
SASK	6.6	5.9	5.8	6.1	5.2	4.7	4.5
ALTA	6.9	5.8	5.6	5.7	5.0	4.9	4.9
BC	8.7	8.4	8.8	8.3	7.2	6.7	6.7
CAN	9.6	9.1	8.3	7.6	6.8	6.6	6.8

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Real Gross Domestic Product (annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.7	4.5	4.8
PEI	3.2	-1.9	3.0	3.2	4.0	2.5	2.8
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.5
NB	1.3	0.4	4.0	4.2	3.8	2.0	2.5
QUE	1.4	3.3	3.0	4.7	4.7	3.0	2.8
ONT	1.1	4.9	4.1	6.1	5.9	3.9	3.8
MAN	3.0	3.4	2.9	3.0	3.3	2.7	2.5
SASK	1.9	5.2	2.4	1.1	2.8	2.5	2.5
ALTA	2.4	7.5	3.7	2.5	6.5	4.5	3.8
BC	2.8	3.3	0.9	2.1	3.4	2.5	2.0
CAN	1.5	4.4	3.3	4.5	4.7	3.4	3.2

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.
(E) Estimate. (F) Forecast.

Total Net Migration* (persons)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7752	-2245	-2750	-2500	-2000
PEI	595	-232	56	916	800	850	1000
NS	1599	527	302	2990	500	100	500
NB	-620	-1223	-2169	1293	1200	450	900
QUE	5422	-1981	475	4333	3400	2000	1000
ONT	84158	93877	70991	97202	122500	131000	126500
MAN	-1476	-4179	-1333	1757	1200	1400	1600
SASK	-588	-1473	507	-4599	-3600	-1800	500
ALTA	24722	40645	48882	23019	24000	16500	12000
BC	67505	44614	7703	21356	25000	33000	39000
CAN**	173383	162161	117662	146022	172250	181000	181000

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate structures of 3 units +
Victoria	2000	872	531	-4.5	4508	251398		1.8
	2001(F)	945	550	-2.2	4510	255000		1.4
	2002(F)	1140	680	-0.5	5120	259000		1.1
Vancouver	2000	8203	3132	-1.0	20401	378130		1.4
	2001(F)	9000	3200	1.3	21600	390000		1.0
	2002(F)	10500	3700	2.1	22500	395000		0.8
Edmonton	2000	6228	4072	2.2	14189	124203	A	1.4
	2001(F)	6250	4150	3.0	14000	129000	A	1.5
	2002(F)	6400	4250	3.0	13900	133500	A	1.8
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	9950	6700	2.5	19700	182000	A	1.9
	2002(F)	9600	6500	2.3	19600	187500	A	2.0
Saskatoon	2000	968	602	1.9	2758	112567	A	1.4
	2001(F)	1150	700	2.0	2700	116500	A	1.5
	2002(F)	1200	700	2.5	2800	119000	A	1.5
Regina	2000	615	459	2.7	2612	94518	A	1.4
	2001(F)	700	500	3.5	2500	97000	A	1.5
	2002(F)	700	500	3.5	2600	99000	A	1.7
Winnipeg	2000	1317	1210	2.9	9465	88553	A	2.0
	2001(F)	1475	1225	2.5	9660	89800	A	1.5
	2002(F)	1600	1275	2.5	9660	90850	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	300	190	0.0	1340	112871	A	4.0
	2002(F)	310	200	0.4	1380	113500	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	206	180	0.0	1900	107750	A	7.5
	2002(F)	221	190	0.4	1900	108000	A	7.0
Windsor	2000	2382	1748	0.8	4616	137453		1.9
	2001(F)	2145	1600	1.9	4366	140073		1.8
	2002(F)	2100	1650	1.2	4411	142089		2.0
London	2000	1713	1198	2.8	6505	134594		2.2
	2001(F)	1790	1140	2.4	6450	137000		1.9
	2002(F)	1660	1100	1.7	6200	138500		1.5
Kitchener	2000	3509	2261	3.9	4567	157386	A	0.7
	2001(F)	3400	2400	4.4	4700	165000	A	0.8
	2002(F)	3500	2450	4.0	4750	172500	A	1.2
St. Catharines-Niagara	2000	1230	962	4.5	5405	130900		2.6
	2001(F)	1355	1000	3.5	5550	134100		2.3
	2002(F)	1410	1000	3.0	5660	137450		2.0
Hamilton	2000	3108	1884	2.6	10374	164168	A	1.7
	2001(F)	3350	1850	1.5	10200	167775	A	1.8
	2002(F)	3500	1900	2.8	10400	172800	A	1.8
Toronto	2000	38982	17119	2.7	58343	243255	A	0.6
	2001(F)	42000	18000	2.9	60000	253000	A	0.7
	2002(F)	43500	18500	2.5	58000	264000	A	0.6

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate Structures of 3 units +
Oshawa	2000	2874	2152	n.a.	4401	164416		1.7
	2001(F)	3240	2450	n.a.	4500	171000		1.5
	2002(F)	3330	2600	n.a.	4600	175000		1.3
Ottawa	2000	5786	3494	6.8	12692	188752		0.2
	2001(F)	6458	3830	7.6	12780	200100		0.3
	2002(F)	7220	4140	4.6	13585	213700		0.5
Hull	2000	1224	768	n.a.	3230	91000	S	1.4
	2001(F)	1300	775	n.a.	3150	90500	S	1.2
	2002(F)	1225	725	n.a.	3000	90000	S	1.3
Montréal	2000	12766	6800	3.6	29555	132632	A	1.5
	2001(F)	13000	6600	4.2	28500	139000	A	1.2
	2002(F)	13000	6500	3.9	27500	146000	A	1.0
Trois-Rivières	2000	337	225	n.a.	860	77500		6.8
	2001(F)	405	230	n.a.	840	79500		6.2
	2002(F)	395	230	n.a.	840	80000		6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	560	320	n.a.	1200	92800	A	3.5
	2002(F)	640	270	n.a.	1200	94000	A	3.0
Québec	2000	2275	1262	2.1	6254	88996		1.6
	2001(F)	2350	1350	3.8	6450	91500		1.1
	2002(F)	2450	1325	3.5	6250	94000		1.0
Chicoutimi-Jonquière	2000	296	203	n.a.	750	83500	S	4.4
	2001(F)	325	215	n.a.	725	85500	S	4.2
	2002(F)	330	215	n.a.	700	87500	S	4.6
Saint John	2000	346	309	-0.2	1383	94511	A	3.4
	2001(F)	300	250	0.5	1400	92000	A	4.5
	2002(F)	325	275	0.4	1450	93000	A	4.0
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2300	1275	1.9	5350	131750	A	4.4
	2002(F)	2525	1350	2.0	5425	133000	A	4.2
St. John's	2000	935	825	2.0	2453	100763	A	3.8
	2001(F)	975	800	1.5	2475	102000	A	3.0
	2002(F)	1000	775	1.5	2425	103000	A	3.0
Charlottetown	2000	318	264	1.9	497	103435	A	2.6
	2001(F)	370	245	1.9	475	104000	A	3.0
	2002(F)	340	230	1.9	460	104500	A	4.0
ALL METRO AREAS	2000	110880	60195	3.0	235474			1.6
	2001(F)	115599	61725	2.9	236996			1.4
	2002(F)	120121	63230	2.6	235616			1.3

Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	99:Q1	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4
New housing								
Building permits, units, thousands	157.4	153.2	158.3	168.6	167.7	145.0	157.9	..
%	6.2	(2.7)	3.4	6.5	(0.5)	(13.5)	8.9	..
Housing starts, total, thousands	145.6	147.4	148.3	157.0	161.1	141.3	156.3	154.5
%	6.4	1.2	0.6	5.9	2.6	(12.3)	10.6	(1.2)
Housing starts, singles, thousands	86.5	91.5	93.3	95.8	100.4	89.8	92.1	91.5
%	(0.5)	5.8	2.0	2.7	4.8	(10.6)	2.6	(0.7)
Housing starts, multiples, thousands	59.1	55.9	55.0	61.2	60.7	51.5	64.2	63.0
%	18.2	(5.4)	(1.6)	11.3	(0.8)	(15.2)	24.7	(1.9)
Housing completions, total, thousands	147.0	132.1	139.3	146.4	150.9	145.2	149.4	138.9
%	12.6	(10.1)	5.4	5.1	3.1	(3.8)	2.9	(7.0)
New house price index, 1992=100	100.4	100.6	101.1	101.8	102.3	102.9	103.5	..
%	0.1	0.3	0.4	0.7	0.5	0.6	0.5	..
Existing housing								
MLS resales, units, thousands	318.7	352.5	346.3	323.4	341.3	332.5	335.9	..
%	3.0	10.6	(1.8)	(6.6)	5.5	(2.6)	1.0	..
MLS average resale price, $C thousands	154.7	157.4	158.9	161.2	162.2	162.5	164.8	..
%	0.6	1.7	0.9	1.5	0.6	0.2	1.4	..
Mortgage market								
Mortgages outstanding, $C billions	401.5	406.7	411.2	414.1	420.1	427.2	430.7	..
%	0.7	1.3	1.1	0.7	1.5	1.7	0.8	..
Mortgage approvals, $C billions	80.9	85.3	79.8	67.5	68.6	72.2	..	..
%	13.7	5.5	(6.4)	(15.4)	1.7	5.2	..	..
1-year mortgage rate, per cent*	6.42	6.45	6.97	7.35	7.63	8.03	7.90	7.83
5-year mortgage rate, per cent*	6.92	7.32	7.75	8.25	8.48	8.52	8.25	8.15
Residential investment**								
Total, $1992 billions	42.8	44.0	44.5	45.8	46.0	44.9	45.6	..
%	4.0	2.8	1.2	2.8	0.6	(2.4)	1.5	..
New, $1992 billions	21.4	21.8	22.4	23.5	23.1	22.0	22.3	..
%	4.7	2.0	2.5	5.0	(1.7)	(4.8)	1.4	..
Alterations, $1992 billions	14.2	14.4	14.2	14.8	15.3	15.4	15.6	..
%	4.5	1.5	(1.4)	4.7	2.9	0.7	1.7	..
Transfer costs, $1992 billions	7.2	7.8	7.9	7.4	7.7	7.6	7.7	..
%	1.2	7.6	2.1	(6.4)	3.1	(1.4)	1.2	..
Deflator, 1992=100	110.8	112.0	111.7	112.5	114.0	114.3	114.0	..
%	0.9	1.1	(0.3)	0.7	1.3	0.3	(0.3)	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.